



Department of Justice

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FLORIDA HOSPITAL PAYS MORE THAN \$1.4 MILLION TO SETTLE HEALTH-CARE FRAUD ALLEGATIONS

WASHINGTON, D.C. — Leesburg Regional Medical Center has paid the United States \$1,476,104 to resolve allegations of Medicare fraud, the Justice Department announced today.

The settlement relates to allegations that the Leesburg, Florida hospital violated the False Claims Act by "upcoding" a pneumonia diagnosis code. Upcoding is the practice of assigning false diagnosis codes — i.e., a diagnosis code that is not supported by the physician's documentation in the medical record — on claims submitted to Medicare in order to increase reimbursements.

"This settlement demonstrates our ongoing commitment to pursue vigorously allegations of fraud and abuse in the Medicare system," said Assistant Attorney General Robert D. McCallum of the Civil Division. "Health care providers can and will be held accountable for their billing practices."

Under Medicare, hospitals are reimbursed through the DRG (Diagnostic Related Groups) coding system in which hospitals assign diagnosis codes for each patient discharge and those codes determine the DRG to which a patient discharge is assigned. The government's reimbursement is then based on the assigned DRG. In this case, Leesburg was able to increase its reimbursements when it assigned a false, higher reimbursing pneumonia diagnosis code, rather than the correct, lower reimbursing diagnosis code.

"The U.S. Attorney's Office for the Middle District of Florida is committed to investigating and prosecuting allegations of health care fraud and abuse," said United States Attorney Paul I. Perez. "This settlement is a clear indication of how critical private individuals and firms can be in the reporting and investigation of health care fraud."

Leesburg has also entered into a corporate compliance agreement with the Department of Health and Human Services. The integrity provisions are designed to ensure continuing compliance by the hospital with Medicare and other federal health programs.

This case was part of a qui tam or whistleblower lawsuit originally filed in 1996 by Health Outcomes Technologies. Under the False Claims Act, private individuals or firms can file suit on behalf of the government and share in any recovery. As a result of the settlement, the Doylestown, Pennsylvania-based company will receive a \$206,655.

The case was jointly handled by the Justice Department's Civil Division and the United States Attorney's Office in Tampa, Florida, through Assistant United States Attorney Michael Rubinstein, in collaboration with the Office of the Inspector General of the Department of Health and Human Services.

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